



July 23-25, 2010 -- SPECIAL REPORT. Stanford International Bank became a new BCCI

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WMR has learned from knowledgeable sources who have attempted to locate the global assets of the now-defunct Stanford Financial Group and its parallel Stanford International Bank, Ltd. in the Caribbean nation of Antigua and Barbuda, that the global entity resembles the former "bank of choice" for the CIA, the Bank of Credit and Commerce International (BCCI).

BCCI's fortunes began to turn sour in 1988 when its involvement in money laundering began to become public. A few years earlier, Allen Stanford moved from Texas to the Caribbean island of Montserrat to start up Guardian International Bank. Stanford's bank later abandoned Montserrat and moved to Antigua where it was re-named Stanford International Bank. As BCCI began to crumble, Stanford was able to pick up the pieces.

Within ten years, Stanford Financial Group had replaced BCCI as the company of choice for "The Company," the CIA.

Investigators who have delved into the records of Stanford reveal, "for more than twenty years, multiple US government agencies watched on as Allen Stanford built a global web of fraudulent financial companies that were managed from Stanford's corporate headquarters in Houston, Texas. The lynch pin of the Stanford fraud was of course, the offshore bank in Antigua – Stanford International Bank (SIB)."

The Israeli Connection to Stanford

When SIBC went into receivership, court documents show that among SIBC's depositors was Yair Shamir, the chairman of Israel Aircraft Industries (IAI), the managing partner of the Catalyst Fund -- an Israeli venture capital firm that funds many U.S. defense and aerospace firms, the former chairman of El Al Airlines, and a former Colonel in the Israeli Air Force. Shamir is also politically powerful as he is the son of former Israeli Prime Minister Yitzhak Shamir.

Shamir has had his own run-ins with the U.S. Securities and Exchange Commission (SEC), which were settled on January 26, 2009 - just three weeks before the SEC filed a massive securities fraud suit against Stanford. Catalyst Fund investors are European banks, some of which are being sued for their involvement as correspondent banks for SIBL. In 2006, Stanford invested in a company funded by the Catalyst Fund, Cyalume, which makes products that utilize a chemical reaction to produce light. According to an SEC filing, most Cyalume's revenue is from contracts with the U.S. military and NATO. At the time of insolvency, Stanford Financial Group owned 6.66% of Cyalume's stock. Other Cyalume shareholders include Ehud Barak, Israel's Minister of Defense and Deputy Prime Minister, former vice chief of staff for the US Army General Jack Keane, and retired US Navy Commander in Chief, Pacific fleet, Admiral Archie Clemins.

Cyalume's on-line biography of Shamir states: "Yair Shamir has been a director of Cyalume since December 19, 2008. Mr. Shamir is the Chairman and Managing Partner of Catalyst Investments and the Chairman of IAI, Israeli Aerospace Industries. From 2004-2005, Mr. Shamir was Chairman of El Al, Israeli Airlines and lead the privatization process of the firm. From 1997-2005 Served as Chairman and CEO of VCON Telecommunications Ltd. From 1995 to 1997, Mr. Shamir served as executive vice president of the Challenge Fund-Etgar L.P. From 1994 to 1995, he served as Chief Executive Officer of Elite Food Industries, Ltd. From 1988 to 1993, Mr. Shamir served as Executive Vice President and General Manager of Scitex Corporation, Ltd. Mr. Shamir served in the Israeli Air Force as a pilot and commander from 1963 to 1988. During his term in the Air Force, Mr. Shamir attained the rank of colonel and served as head of the electronics department, the highest professional electronics position within the Air Force. He currently serves as a director of DSP Group Corporation and also serves as director of a few private hi-tech companies. Mr. Shamir holds a B.Sc. Electronics Engineering from the Technion, Israel Institute of Technology.

Mr. Shamir also served as a member of the board of directors of Mercury Interactive, LLC from 1997 to 2005. In September

2008, Mr. Shamir settled a **complaint filed by the SEC which alleged that certain independent directors of Mercury (including Mr. Shamir) recklessly approved backdated stock option grants and reviewed and signed public filings that contained materially false and misleading disclosures about the company's stock option grants and company expenses.** Without admitting or denying the allegations in the SEC's complaint, in order to settle the charges against them, each of the independent directors implicated (including Mr. Shamir) agreed to permanent injunctions against violating certain provisions of the securities laws, paid a financial penalty, and retained the ability to serve as a director or officer of U.S. public companies."

WMR has learned from defrauded Stanford customers that on December 19, 2008, Cyalume entered into a \$33 million credit arrangement with Toronto Dominion Bank, which accepted the billions of dollars of wire transfers to fund Stanford International Bank CDs (it is noteworthy that none of the money to purchase Stanford International Bank CDs never actually made it to Antigua and SIB never held any funds – Toronto Dominion [TD Bank] accepted wires to fund CDs and then transferred the funds to bank accounts in Houston). Stanford Financial Group CFO James Davis, who plead guilty in August 2009, went to Israel to meet with Shamir and Prime Minister Netanyahu in the fall of 2007.

A substantial portion of the depositors in SIB are Venezuelan citizens who hid their funds off-shore to avoid taxation by Venezuela's government of President Hugo Chavez. Antigua announced it was completing its acquisition of West Indies Oil Company (WIOC) with a \$68 million loan from Venezuela's state-owned oil firm, PDVSA, to PDV CAB, a private company for which Antigua is the sole shareholder. Antigua already owned 25 percent of the shares of WIOC. There is yet another Israeli angle, along with a link to BCCI, in Stanford's Caribbean operations.

The other 75 percent of WIOC was owned by Bruce Rappaport, an Israeli-born Swiss citizen and billionaire shipping giant and banking tycoon who owned the InterMaritime Bank in Geneva, which was used to provide payments to BCCI during the Iran Contra scandal. Rappaport died in January 2010. *The New York Times* reported Rappaport was close friends of the former CIA director William Casey, who was implicated in both the Iran-Contra and BCCI. Rappaport owned companies in more countries than can be tracked, all with obscure names that are just acronyms. According to *The Times*, Rappaport was a big financial backer of the Iraq oil pipeline project in the 1980s and was hired by Iran to lobby the United States to help get some kind of assurance if they built the 540 mile oil pipeline to Israel that the Israelis wouldn't just damage it like they did during the Iran/Iraq war. A State Department statement on the topic said, 'Iran had destroyed Iraq's oil terminals in the Persian Gulf early in the Iran-Iraq war. The proposed 540-mile pipeline, running from Iraq's Kirkuk oil fields to the Jordanian port of Aqaba near the Red Sea, would have more than doubled that nation's oil exports. It also would have been a 'trade bonanza' for the United States and the companies seeking to build it."

WMR learned from sources close to Mossad that one of the chief Iraqi interlocutors on the pipeline deal was then-Iraqi Foreign Minister Tariq Aziz, now imprisoned and in failing health in an Iraqi prison recently transferred to Iraqi government control from the U.S. military occupation authorities.

Rappaport served as Antigua's ambassador to Israel under former Antiguan Prime Minister Lester Bird, whose administration ended in 2004 when Prime Minister Baldwin Spencer ended the Bird family's long reign of ruling the island since independent from Great Britain. Lester Bird had illegally sold Rappaport 75 percent of WIOC in the 1980s, which was only revealed to the citizens of Antigua in a *New York Times* article, which sparked tremendous controversy and eventually led to a lawsuit filed by Prime Minister Spencer against Rappaport, Bird, and several other Antiguan officials.

In February 2009, just two days before the SEC filed its suit against Stanford, Rappaport paid the Antiguan government \$12 million to settle a \$45 million lawsuit filed by the Spencer administration for a scandal involving WIOC. The suit alleged that Rappaport-owned IHI, a debt settlement company in Hong Kong, had loaned Antigua \$45 million in 1996 as part of the debt consolidation. The terms of the loan specified a 25-year term with payment of \$400,000 per month, of which only \$200,000 was actually going to IHI. The other \$200,000 per month was going to Lester Bird. Antiguan member of Parliament Asot Michael, a defendant in the suit, was represented by Hunton & Williams, the law firm based out of Virginia that also represented Allen Stanford and Stanford International Bank and has refused to release files to the U.S. Justice Department. Stanford's trial is not scheduled to begin until January 2011.

The International Monetary Fund cited the SEC lawsuit in the April 2009 country report on Antigua, saying there was corruption within the government. The report referenced no "recent" expropriation of property, despite Antiguan court proceedings to "compulsorily acquire" 49

Stanford-owned properties two months prior.

Democratic and Republican Party Connections to Stanford's Antigua scam

Ross Gaffney, a former FBI agent who oversaw a task force investigating Stanford's operations in the late 1980s at his first offshore bank, Guardian International in Montserrat, explained the FBI had "solid intelligence" on Stanford's alleged money laundering activities in the late 1980s. And, while that intelligence was enough to get Stanford's banking license revoked in Montserrat, Gaffney said the Justice Department would have never have been able to successfully prosecute the charges because of the circuitous route the funds took to get to Guardian International. According to Gaffney, Stanford was laundering money for the Medellin drug cartel and the money would go from Colombia through Ecuador and through several shell companies and correspondent banks before being deposited in Guardian in Montserrat.

WMR previously reported that Stanford was protected in Ecuador by Peter Romero, Stanford Financial Group's Advisory Council member and former US Ambassador to Ecuador and Assistant Secretary of State for Western Hemisphere Affairs in the Clinton administration. Other possible "helpers" on Stanford's Advisory Council were Jorge Castaneda, the former Mexican Foreign Minister; Lee Brown, Drug Czar for the Clinton administration and former mayor of Houston; Adolf Ogi, former president of Switzerland; and Alfredo Arizaga, former minister of finance of Ecuador.

This complex pattern of international involvement, as well as Allen Stanford's high profile associations with numerous U.S. government officials lend credibility to what Atlanta journalist Robert Coram laid out in his 1993 book, *Caribbean Time Bomb: The United States Complicity in the government of Antigua* – and perhaps explains it all:

"Any U.S. military aircraft, or aircraft owned by the CIA, DEA, or other agencies, can land on Antigua without prior notice, without prior approval, without the crew having to go through Antiguan Customs, and without any record being kept of the landing. This unusual arrangement is invaluable for all sorts of mischievous operations in the Caribbean and Central or South America. U.S. special operations troops have exercises in Antiguan waters and are given considerable latitude in large parachute drops and in storming beaches. Until a few years ago, they were allowed to blow up reefs as part of their training. The price to play in this little sandbox appears to be that Uncle Sam will ignore all shenanigans of the Antigua government, including abuse of its own citizens."

On June 8, 2010, the IMF announced it had finalized a \$117 million loan to Antigua. The U.S. Director of the IMF voted in favor of the loan!

In November 2009, Senator Richard Shelby, with seven bipartisan co-sponsors, introduced a Senate Resolution to block aid to Antigua until it released the Stanford properties, and paid all outstanding loans and other payments made by Stanford "for the purpose of subverting regulatory oversight." The Resolution stated, "it is the sense of the Senate that the Secretary of the Treasury should direct the United States Executive Directors to the International Monetary Fund and World Bank to use the voice and vote of the United States to ensure that any loan made by the International Monetary Fund or the World Bank to the Government of Antigua and Barbuda is conditioned on providing complete redress to the victims...." The Resolution was referred to the Senate Foreign Relations Committee, which has agreed to hold a hearing on this issue on July 29, but they will not invite the IMF, the Treasury Department, or the State Department to testify. The Obama administration appears intent on burying the Antigua and Stanford issue far into the ground. A House of Representatives companion to the Senate Resolution was introduced in the House of Representatives on March 2, 2010, by Representative Mike Coffman (R-CO), on behalf of Natalia Querard of H.M.B. Holdings Limited. Querard, an American citizen who had her property, the Half Moon Bay Resort, stolen from her in 2002. Nothing has happened with the House Resolution.

Adding insult to injury, on June 10, 2010 Secretary of State Hillary Clinton announced an additional \$162 million in humanitarian aid for AIDS and H.I.V. treatment in Antigua, on top of the already committed Caribbean Basin Initiative funds allocated for this year. In a joint speech with Antigua's Prime Minister Baldwin Spencer, Clinton promised increased US participation in the Eastern Caribbean region as she said "We are back 100 percent....We are back and we are committed." Spencer responded with "our futures are intertwined." The \$162 million allocated mid-year in the middle of a spending freeze is coming from the Department of Defense. A July 1, 2010, *New York Times* article titled "Slump Cripples Aid for Drugs to Treat H.I.V." discusses how thousands of Americans from across the country with H.I.V. and AIDS are on waiting lists and being denied medical treatment because of a lack of funding.

A la Iran-contra: Stanford and Iranian weapons smuggling

Last November, the Israeli Navy seized a ship off the coast of Cyprus carrying 320 tons of weapons in crates labeled IRISL from Iran to Syria. That ship, Francop, was registered in Antigua and flew the Antiguan flag. A Syrian businessman named Aziz Hadeed is the Antiguan senator who oversees their shipping sector, international trade and foreign direct investment. He apparently does a good job as Antigua's shipping sector is the seventh largest in the world, according to the CIA.

Hadeed also has a monopoly on Antigua's electricity and provides all power to the island, which

reportedly has the highest per megawatt rate in the Western Hemisphere. Would not an opportunistic Syrian businessman overseeing a corrupt government's massive shipping sector be of interest to the U.S. and its allies? Not quite. Antigua has a long history of allegations of trafficking weapons, and their government officials have been caught red-handed on occasion, including one incident in which a government official sold automatic weapons to the Medellin drug cartel in Colombia, which were used in the assassination of Colombian presidential candidate Luis Carlos Galan. However, Antigua became a major base for CIA and other intelligence money laundering around the globe, courtesy of Stanford International Bank.

The involvement of a favored CIA bank like SIBL with both opposing sides in the Middle East is nothing new. Israeli involvement in the illegal sale of weapons to the Iranians during Iran-contra and Israeli involvement with the contras was a hallmark of the 1980s scandal.

Israeli arms dealer Ya'acov Nimrodi; Israeli Foreign Ministry top official David Kimche; Mossad smuggler and hit man Yair Klein; Israeli arms dealer Al Schwimmer; Mossad gun runner and Manuel Noriega security adviser Michael Harari; and Israeli Iran-contra middleman Amiram Nir Nisker, killed in a 1988 plane crash in Mexico, all played key roles in keeping the covert weapons and money pipelines active between the Middle East and the contras and Colombian and Panamanian drug gangs.

SIBL: As global as BCCI

Stanford International Bank had depositors on record for 114 countries with a number of Middle Eastern countries represented on the list, which has been obtained by WMR. The list defies all logic based on Stanford's advertised operations. Stanford's depositors have been reported, until now, to be primarily Latin American and American, with small pockets of depositors in Europe and Canada. Yet, SIBL depositors from over 60 countries in Latin America, Europe, Canada and the Caribbean. And even more curiously, no Middle Eastern or Asian victims have come forward to file claims against the defunct bank. The list also includes, as WMR previously reported, a depositor from Bouvet Island, an uninhabited Norwegian island between South Africa and Antarctica in the South Atlantic.

Stanford International Bank customers by country of origin

Country Code	Country name	Number of Customers
AE	United Arab Emirates	13
AF	Afghanistan	1
AG	Antigua And Barbuda	4011
AI	Anguilla	6
AM	Armenia	1
AN	Netherlands Antilles	283
AO	Angola	1
AR	Argentina	147
AT	Austria	20
AU	Australia	7
AW	Aruba	304
AZ	Azerbaijan	1
BA	Bosnia-Herzegovina	1
BB	Barbados	19
BE	Belgium	31
BG	Bulgaria	3
BH	Bahrain	2
BM	Bermuda	4
BO	Bolivia	31

BR	Brazil	41
BS	Bahamas	7
BV	Bouvet Island	1
BZ	Belize	6
CA	Canada	224
CD	Congo	1
CH	Switzerland	41
CL	Chile	21
CN	Peoples Republic of China	7
CO	Colombia	580
CR	Costa Rica	15
CU	Cuba	4
CY	Cyprus	8
CZ	Czech Republic	2
DE	Germany	41
DK	Denmark	9
DO	Dominican Republic	44
EC	Ecuador	662
EG	Egypt	59
ES	Spain	132
FR	France	46
GB	Great Britain	219
GD	Grenada	3
GH	Ghana	3
GP	Guadeloupe	5
GR	Greece	14
GT	Guatemala	90
GY	Guyana	30
HK	Hong Kong	3
HN	Honduras	4
HR	Croatia	1
HT	Haiti	412
HU	Hungary	1
IE	Ireland	6
IL	Israel	63
IM	Isle of Man	3
IN	India	11
IS	Iceland	3
IT	Italy	72
JM	Jamaica	18
KE	Kenya	10
KN	Saint Kitts and Nevis	10
KW	Kuwait	2
KY	Cayman Islands	8
LB	Lebanon	11
LC	Saint Lucia	9
LR	Liberia	2
LV	Latvia	11

LY	Libyan Arab Jamahiriya	2
MK	Macedonia	4
MQ	Martinique	2
MS	Monserrat	2
MT	Malta	3
MX	Mexico	3865
MY	Malaysia	1
MZ	Mozambique	1
NA	Namibia	6
NG	Nigeria	2
NI	Nicaragua	34
NL	Netherlands	140
NO	Norway	3
NZ	New Zealand	12
PA	Panama	171
PE	Peru	553
PL	Poland	2
PR	Puerto Rico	18
PT	Portugal	19
PY	Paraguay	7
QA	Qatar	2
RO	Romania	3
RS	Republic of Serbia	1
RU	Russian Federation	37
SA	Saudi Arabia	2
SE	Sweden	75
SG	Singapore	12
SN	Senegal	1
SR	Suriname	8
SV	El Salvador	94
SY	Syrian Arab Republic	7
TD	Chad	1
TR	Turkey	8
TT	Trinidad and Tobago	38
TW	Republic of China (Taiwan)	1
TZ	Tanzania	6
UA	Ukraine	10
UG	Uganda	1
UN	UNKNOWN	1
US	United States of America	4380
UY	Uruguay	6
VC	St. Vincent and the Grenadines	1
VE	Venezuela	10432
VG	British Virgin Islands	132
VI	Virgin Islands	6
YE	Yemen	1
ZA	South Africa	3
		27977

It is important to point out that SIB was not a depository institution. Its sole purpose was to issue CDs and it sold those CDs through a separate Stanford-owned entity called Stanford Group Company, which had many international offices, but no presence in the Middle East or Asia. The SIBL accounts appear to be associated with shell or "folding tent" business set up for illegal activity, such as weapons smuggling and drug money laundering. And it appears certain that the Antiguan government was willing to overlook, or worse, facilitate such activities, with a "wink and a nod" from the CIA and other intelligence agencies.

Stanford and Libya

Allen Stanford, according to court documents, went to Libya in January 2009 and came back with a \$500 million "investment" from the government of Libya. This was within three weeks of the collapse of Stanford's global empire, yet there was nowhere near the \$500 million to be accounted for in either the Antiguan or the US receivership that took control of all of Stanford's assets. Libya has never made a claim for the lost \$500 million. In fact, in 2009, Libya committed to a significant development effort in the Eastern Caribbean region and announced its plans to open a commercial bank in the region, after losing half a billion in an Eastern Caribbean bank whose lead regulator was indicted by the U.S.

However, the Stanford outreach to Libya came prior to reports of negotiations between Libya and the governments of the United Kingdom and Scotland and BP to arrange for the release from a Scottish prison of Libyan intelligence agent Abdel Basset Ali al-Megrahi, convicted for the terrorist attack on PanAm 103 over Lockerbie, Scotland in 1988. BP reportedly lobbied for Megrahi's release so that it could lobby Libya for lucrative oil contracts. The Stanford visit to Libya also came at a time of a thawing in relations between Washington and Tripoli and the re-opening of embassies in each capital.

Stanford's Memphis connection

Stanford boasted in 2008 that St. Jude Children's Research Hospital in Memphis was Stanford's corporate charity of choice for the past three years and that Stanford and its business partners raised over \$15 million for the hospital during that time period. However, on February 19, 2009, the hospital claimed it had received only \$8 million, during two years, 2007 and 2008.

On October 5, 2009, WMR reported: "While investigating [Harvard virologist] Dr. [Donald] Wiley's death in Memphis, this editor met an auditor for St. Jude Children's Research Hospital in a chance encounter. The auditor reported that while it may or may not have had bearing on the death of Wiley, he had discovered large amounts of "grant" money moving through St. Jude's for purposes not related to the hospital's pioneering research into fighting childhood cancer. The recent information obtained by WMR about "bits and pieces" of contracts funding H1N1 reassortment research being passed through civilian institute sponsors coincides with the information received from the St. Jude's auditor."

Iran-contra redux

It is documented that Allen Stanford was establishing his money laundering operations in Montserrat as Iran-contra was going full steam in the 1980s. Ironically, according to Iran-contra insider Al Martin, in his book, *The Conspirators*, one of the shell companies set up by Iran-contra principals Oliver North and Richard Secord was called Stanford Technologies Overseas, Ltd. It and another shell company, Intercontinental Industries S.A. of San Jose, Costa Rica laundered money for Iran-contra operations using disguised loans from legitimate but sympathetic banks in the Caribbean, such as Banco Popular of Santo Domingo, Dominican Republic. In fact, Martin wrote that in the 1980s, anything with the name "Stanford" in it was controlled by Secord. The firms also included Stanford Group of Companies and Stanford Investment, Ltd.

Allen Stanford particularly targeted Antigua and Barbuda for his development fraud schemes. In the case of North and Secord, they helped concoct phony real estate development fraud schemes in another Caribbean island nation, Saint Lucia.

BCCI, a major facilitator of Iran-contra, regularly laundered money through its BCCI-Miami

branch. In 1988, a junior officer of the branch, Aziz Rehman, told a Senate Foreign Relations subcommittee chaired by Senator John Kerry (D-MA) that BCCI-Miami laundered cash deposits from Caribbean and Latin American clients, ranging from \$100,000 to \$2 million. BCCI hid the transaction sources by electronically wiring the money from BCCI-Miami to BCCI branches in Panama and the Cayman Islands.

Rehman also said that one of BCCI's major tasks was to bribe U.S. government officials. According to Rehman, one name that was mentioned frequently at BCCI-Miami was the son of Vice President George H. W. Bush, Jeb Bush, the future governor of Florida. Jeb Bush was tied directly to the drug smuggling operations of Leonel Martinez, a major source of smuggled U.S. weapons for Eden Pastora's contra rebels based in Costa Rica. Later, Allen Stanford would also play a significant role in Florida's political and business scene, establishing himself in the former Coral Gables palatial home of Wackenut founder, George Wackenut, Sr.

In the 1960s, the Bahamas was a favorite location for CIA money laundering operations in its covert war against the Castro government of Cuba. Long before BCCI and Stanford, the CIA used Bahamas-based Castle Bank and Trust, Ltd. as a front for supporting CIA covert operations in Latin America and the Caribbean. Another CIA front bank was Nugan Hand of Australia. Before its demise in 1980, Nugan Hand was involved in supporting covert CIA activities in Australia, Indonesia, the Philippines, Thailand, and a host of other countries.

During the Clinton administration, one individual who steadfastly refused to investigate BCCI's links to the CIA was the then deputy Attorney General under Janet Reno. That individual, Eric Holder, now serves as President Obama's Attorney General.

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